

**Statement of Will Spargo
Before the U.S. House Agriculture Subcommittee
on Livestock and Horticulture**

August 28, 2006

As the morning sun rises and I begin my day, I sneak one more peak at the blessings God has given me. Ricanna, just starting Pre-K, and Bryce, just learning to walk, have their entire lives ahead of them. I wonder what they will become, maybe doctors, scientists, or teachers? Perhaps, my two children will be the fourth generation to care for the soil on our little piece of Southeast Missouri. A father can only dream and only time will tell. One certainty is America needs to have a strong food security bill/ farm bill if there are going to be future generations of farmers.

Unlike energy policy from years past, America has always had a strong farm bill. In my opinion, the farm bill is more than just “giving” billions of dollars to farmers. The farm bill has provided all Americans with an abundant, safe, and affordable supply of food. The quality of our food is reason enough to extend our current farm bill.

In order to make the new farm bill even better, it’s important to relay the current situation of agriculture in the South. Agriculture in the 21st century has become “big business.” Farmers, just like any business person, must turn a profit to stay in business. It is becoming harder to make profits given the many changes being forced upon us. For example, banks are tightening the money supply. Farmers in my father’s generation are using their hard-earned equity just to make ends meet, while others are giving up and selling out. My neighbor, a 35 year-old man, is searching for employment off the farm to keep his family out of debt. Thus far into the crop year, my wife and I have exhausted our crop loan funds and used two-thirds of our personal savings. We still have harvesting, storage and hauling expenses to cover before any return can be seen.

We are told to be more efficient with our resources, both natural and monetary. In response, we utilize no-till and minimum till planting practices and GPS technology to lessen the time spent in a field, thus reducing fuel use and labor cost. We contract a crop scout to ensure fertilizer and chemicals are applied correctly and efficiently. This year we are left with the unfortunate decision to lay off an employee, saving us salary, workers compensation insurance and social security.

We are also told to be better marketers of our commodities. Aside from the hours spent each evening studying markets and reading reports, we use the services of a marketing advisor. We believe we are getting as much out of the market for our grain as we can. Farmers are battling the grain companies. For example, the Chicago Board of Trade (CBOT) may have a good futures price, \$10.20/ CWT, for rice but a farmer must automatically factor in the basis. The price is now \$9.00/CWT. The basis is the spread between the CBOT futures price and the actual cash price farmers receive. In layman terms, this spread is a difference of \$650.00 every time a truckload of rice is hauled away.

These are just a few examples to illustrate the fact that farmers are not making fortunes and getting fat bank accounts from government payments. We are Americans trying to make an honest living, doing something we love, that is essential to human life. No one questions the enormous payments made to doctors. In rural America, we are all family farms, some bigger than others. Today's farmer is too educated, conservation minded and resourceful to be left in the economic situation we face today. Having a strong farm bill/food security act is a necessity.

There are many aspects of the 2002 farm bill that help farmers survive in today's world. Direct payments are essential for cash flow. Loan deficiency and counter-cyclical payments (LDP and CCP) help protect farmers from low prices. While direct payments are constant, LDPs and CCPs will go away when prices are higher, saving the taxpayers money.

I support the Farm Security and Rural Investment Act of 2002 and believe it should be extended for at least a year. As we look to future food security/farm bills I believe the followings changes need to be made:

- LDPs and CCPs need to be deleted to become more compliant with World Trade Organization rules.
- The money saved from the deletion should be applied to direct payments, paying for 100% of the base that has been built. The trend of smaller payments with each farm bill needs to stop.
- The loan rates on grains need to be raised, thus establishing a price floor. The price floor will be the lowest amount at which grain can be purchased by anyone. Brazil is doing this as we speak with its soybean auction. If raising loan rates is impossible, adjustments for inflation should at least be made.
- Bases and yields must be updated. We are farming in the year 2006, not 1980, when the standards were established.
- Protection or assistance to help producers deal with the escalating cost of crop inputs and supplies.

Other areas of the farm bill can become blurred with current legislation, but are worth studying. My suggestions include:

- The push for renewable fuels needs to continue in order to reduce and eventually eliminate our dependency on other nations for energy.
- Import duties on fertilizer should be addressed. The question I ask is, "Why are fertilizer manufacturers taken out of America, then American farmers are forced to pay import taxes to bring the same fertilizer back in?"
- Conservation programs are good, when available to all farmers. The farmer's frustration of applying for EQIP just to be told he didn't meet the criteria is heard too often. Assumptions that farmers are the destructors of the Earth are false. Fertilizers and chemicals are too expensive to waste. The soil is only as good as the farmer caring for it.
- Make the Conservation Security Program (CSP) available to all farmers as well. By allowing producers in only a few watersheds to take part in CSP, farmers and ranchers in other watersheds are being placed at a great disadvantage.

There is great support in our community for the 2002 food security/farm bill.

Until something even better can be developed, the current farm law should be extended. Not only does the current farm bill ensure the American consumer will continue to enjoy a safe, abundant and affordable food supply, but it also provides the American farmer with a safety net to protect against low prices.

My kids came to the shop the afternoon I was preparing this. My daughter fluttered around my desk oblivious to the fact she was coloring on marketing sheets and fuel bills. My son stumbled across the gravel determined to see the tractors lined in a row. This is their farm and their home. With a strong food security/farm bill in place, the possibility of farming in the future will be a little more certain.

Thank you for the opportunity to participate in this hearing and share my thoughts with you.